

## Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-02  
INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02  
SS-15 USIA-15 COME-00 EB-08 LAB-04 SIL-01 TRSE-00  
OMB-01 /096 W

-----027106 091250Z /43

R 090845Z SEP 77  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC 0987  
INFO AMEMBASSY BONN  
AMEMBASSY LONDON  
AMEMBASSY MANILA  
AMEMBASSY PARIS  
AMEMBASSY ROME

UNCLAS TOKYO 13915

MANILA FOR UNDER SECRETARY COOPER PARTY

PARIS FOR OECD

E.O. 11652: N/A  
TAGS: ELAB, JA  
SUBJECT: RENEWED GOJ CONCERN OVER UNEMPLOYMENT PROBLEM

REF: A) TOKYO 13642, B) TOKYO 3490 (NOTAL)

SUMMARY: AS JULY UNEMPLOYMENT FIGURE (2.13 PERCENT) HITS 18-YEAR  
HIGH, MINISTRY OF LABOR SETS UP SPECIAL TASK FORCE TO COPE WITH  
PROBLEM. END SUMMARY.

1. FOLLOWING GOJ'S SEPTEMBER 3 ANNOUNCEMENT OF SEVEN-POINT  
ECONOMIC STIMULUS PACKAGE, INCLUDING RENEWED MEASURES TO  
EASE UNEMPLOYMENT (REF A), MINISTRY OF LABOR THIS WEEK  
ESTABLISHED EMERGENCY TASK FORCE ON EMPLOYMENT POLICY TO  
UNDERTAKE THREE-PRONGED ATTACK ON PROBLEM. AT SAME TIME,  
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GOJ SET UP SPECIAL CABINET COMMITTEE TO TACKLE QUESTION  
OF HOW TO REDUCE RAPIDLY THE WORK FORCE IN STRUCTURE-  
ALLY DEPRESSED INDUSTRIES WITHOUT RESORTING TO LAY OFFS.

2. MOL TASK FORCE EXPECTED FIRST TO IMPLEMENT SPEEDILY  
EMPLOYMENT STABILIZATION FUND, ENACTED DURING LAST  
DIET SESSION (REF B), WHICH ENABLES FIRMS IN DESIGNATED

"DEPRESSED" INDUSTRIES TO APPLY FOR GOVERNMENT SUBSIDY TO COVER FROM HALF (IF LARGE ENTERPRISE) TO TWO-THIRDS (IF SMALL OR MEDIUM SIZE) OF WAGES AND TRAINING EXPENSES OF WORKERS UNDERGOING VOCATIONAL RETRAINING FOR UP TO 90 DAYS. SECONDLY, TASK FORCE WILL ACTIVELY "ENCOURAGE", VIA ADMINISTRATIVE GUIDANCE, FIRMS TO RAISE BEYOND 55 RETIREMENT AGE OF WORKERS AND TO INSURE THAT AT LEAST 6 PERCENT OF THEIR EMPLOYEES ARE OVER 55. FIRMS HIRING WORKERS 55 OR OLDER FOR THE FIRST TIME WILL BE ELIGIBLE TO RECEIVE GOJ PAYROLL SUBSIDY FOR UP TO 150-DAY TRAINING PERIOD. THIRDLY, TASK FORCE SUPPOSED TO STRENGTHEN ABILITY OF MOL'S EMPLOYMENT SECURITY OFFICES TO MATCH JOB SEEKERS WITH AVAILABLE POSITIONS NATION-WIDE RECORDED IN COMPUTERIZED JOB BANK. ADDITIONALLY, TASK FORCE TO LOBBY MINISTRY OF FINANCE FOR APPROVAL, AS PART OF FY-77 SUPPLEMENTAL BUDGET PROGRAM WHEREBY GJO WOULD PARTIALLY FUND, FOR UP TO THREE MONTHS, WAGES AND TRAINING EXPENSES OF WORKERS UNDER 55 WHO LEAVE POSITIONS IN FIRMS IN DEPRESSED INDUSTRIES FOR EMPLOYMENT IN OTHER SECTORS.

3. ISSUE FURTHER DRAMATIZED BY SEPTEMBER 6 RELEASE BY PM'S OFFICE OF JULY 1977 EMPLOYMENT STATISTICS SHOWING 2.13 PCT SEASONALLY ADJUSTED UNEMPLOYMENT. ALTHOUGH FIGURE REPRESENTS INCREASE OF ONLY 0.04 PCT OVER JUNE, IT IS HIGHEST RECORDED SINCE AUGUST 1959. WITH TOTAL NUMBER UNCLASSIFIED

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OF UNEMPLOYED IN JULY 1.05 MILLION, FIGURE REMAINS ABOVE ONE MILLION FOR SEVENTH STRAIGHT MONTH. IN INTERPRETING JULY FIGURES, PM'S OFFICE EXPRESSED PARTICULAR CONCERN OVER INCREASE IN UNEMPLOYMENT OVER JUNE, IN SPITE OF FACT THAT JULY IS GENERALLY MONTH WITH FEW NEW ENTRIES INTO LABOR MARKET AND EVEN FEWER LAY-OFFS OF SEASONAL WORKERS.

4. COMMENT: IN CONTRAST TO UPBEAT ATTITUDE IT ADOPTED FOLLOWING LONDON SUMMIT AND PRIOR TO JULY UPPER HOUSE ELECTION, GOJ NOW PUBLICIZING ITS CONCERN THAT UNEMPLOYMENT IS SERIOUS ISSUE WITH NO QUICK REMEDIES IN SIGHT. THIS CONCERN IS WELL FOUNDED. EXTENT OF PROBLEM IN JAPAN NOT ADEQUATELY REFLECTED BY UNEMPLOYMENT STATISTICS, WHICH EXCLUDE NOT ONLY SIZEABLE NUMBER OF DISCOURAGED WORKERS WHO HAVE WITHDRAWN FROM LABOR FORCE BUT ALSO THOSE WORKERS ON PAID FURLONGHS. MOREOVER, EVEN IF PACE OF RECOVERY QUICKENS AS RESULT OF NEW STIMULUS PACKAGE, IT WILL HAVE LITTLE EFFECT ON AILING INDUSTRIES SUCH AS TEXTILES AND SHIPBUILDING. THESE INDUSTRIES ARE CONFRONTED WITH LONG TERM STRUCTURAL PROBLEMS AND WITH POSSIBILITY THAT MANAGEMENT WILL EVENTUALLY BE FORCED TO RESORT TO LAY-

OFFS. MINISTRY OF LABOR OFFICIALS, THEREFORE, SEE NEW  
EMERGENCY MEASURES, WITH EMPHASIS ON RETRAINING OF  
WORKERS STILL ON PAYROLL, PRIMARILY AS EFFORT TO KEEP  
UNEMPLOYMENT RATE FROM WORSENING AND THEY EXPECT  
THAT 2 PCT UNEMPLOYMENT IS BEST JAPAN WILL BE ABLE TO DO  
DURING COMING MONTHS.  
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## Message Attributes

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